

Dear Property Owners and Ratepayers:

The Water Division of the City of Fresno Department of Public Utilities (Water Division) owns, operates and maintains surface water treatment facilities, groundwater recharge facilities, groundwater pumping facilities, water storage reservoirs, and water distribution pipelines, valves, fire hydrants, and water meters. The Water Division purchases, treats, and delivers an average of 125 million gallons of water every day to approximately 130,000 accounts at single-family residential, multi-family residential, commercial, institutional, and industrial sites. The Water Division employs approximately 200 personnel and has an annual operating budget of approximately \$75 million.

In accordance with Article 13D, Section 6, of the California Constitution, the Fresno City Council is providing this written notification to owners of record and tenants of record at parcels that receive, and pay for, public water service provided by the Water Division. Specifically, this written notification describes proposed changes to the schedule of rates, fees, and charges assessed by the City of Fresno for public water service.

The City of Fresno will conduct a public hearing on the proposed changes to the schedule of rates, fees, and charges for public water service on **February 5, 2015**. At the public hearing, the Fresno City Council will consider all protests against the proposed change to the schedule of rates, fees, and charges for public water service, and if on or before **February 5, 2015**, written protests against the proposed changes are presented by a majority of parcels that receive public water service, the Fresno City Council will not enact the proposed changes to the schedule of rates, fees, and charges for public water service. If less than a majority of parcels that receive public water service protest the proposed changes to the schedule of rates, fees, and charges for public water service, then the new schedule of rates, fees, and charges will become effective **March 12, 2015**.

How do I Protest the Proposed Rate Increases?

The Fresno City Council will receive public comments on the proposed changes to the schedule of rates, fees, and charges for public water service at a public hearing on **February 5, 2015** at 5:00 pm. The hearing will be held at the Fresno City Council Chamber located at 2600 Fresno Street, Fresno, CA 93721.

In accordance with Article 13D, Section 6, of the California Constitution, the City of Fresno Council has enclosed within this Public Notice a protest ballot card that you can return to the City in the self-addressed, reply mail envelope. You only need to return the protest ballot card if you **DO NOT** want the Fresno City Council to enact the proposed changes to the schedule of rates, fees, and charges for public water service. Only protest ballot cards received on, or before, **February 5, 2015** will be counted.

NOTICE OF PUBLIC HEARING

Proposed Changes to Schedule of Rates, Fees, and Charges for Public Water Service

Date: February 5, 2015

Time: 5:00 p.m.

Place: City of Fresno
Council Chamber
2600 Fresno Street
Fresno, CA 93721

Proposed Changes to Schedule of Rates, Fees, and Charges for Public Water Service

The foll changes to the City of Fresno’s schedule of rates, fees, and charges are presented here:

Schedule of Current and Proposed Schedule of Rates, Fees, and Charges for Public Water Service City of Fresno, CA

Item	<i>effective dates ></i>	3/12/2015	7/1/2015	7/1/2016	7/1/2017	7/1/2018
	Current	FY15	FY16	FY17	FY18	FY19
Quantity Rates, \$/HCF						
Single Family	\$0.610	\$0.95	\$1.19	\$1.39	\$1.67	\$1.86
All Others	\$0.745	\$0.95	\$1.19	\$1.39	\$1.67	\$1.86
Meter Charges, \$/month						
Domestic						
¾-inch	\$10.03	\$8.50	\$9.60	\$11.00	\$13.00	\$14.10
1.0-inch	\$13.51	\$11.20	\$12.70	\$14.60	\$17.20	\$18.70
1.5-inch	\$18.89	\$13.10	\$14.80	\$17.00	\$20.00	\$21.80
2.0-inch	\$27.09	\$22.20	\$25.20	\$28.90	\$34.00	\$37.00
3.0-inch	\$45.07	\$33.20	\$37.60	\$43.20	\$50.90	\$55.30
4.0-inch	\$63.03	\$50.00	\$57.00	\$65.00	\$77.00	\$83.00
6.0-inch	\$99.01	\$96.00	\$109.00	\$125.00	\$147.00	\$160.00
8.0-inch	\$152.96	\$443.00	\$503.00	\$577.00	\$680.00	\$739.00
10.0-inch	\$179.83	\$699.00	\$793.00	\$911.00	\$1,073.00	\$1,166.00
12.0-inch	na	\$919.00	\$1,042.00	\$1,197.00	\$1,410.00	\$1,533.00
Irrigation						
¾-inch	\$10.03	\$6.70	\$7.60	\$8.70	\$10.30	\$11.20
1.0-inch	\$13.51	\$8.40	\$9.50	\$10.90	\$12.90	\$14.00
1.5-inch	\$18.89	\$9.50	\$10.80	\$12.40	\$14.60	\$15.90
2.0-inch	\$27.09	\$15.20	\$17.20	\$19.70	\$23.20	\$25.30
3.0-inch	\$45.07	\$21.90	\$24.80	\$28.50	\$33.60	\$36.50
4.0-inch	\$63.03	\$32.00	\$37.00	\$42.00	\$50.00	\$54.00
6.0-inch	\$99.01	\$61.00	\$69.00	\$79.00	\$93.00	\$101.00
8.0-inch	\$152.96	\$274.00	\$311.00	\$357.00	\$421.00	\$457.00
10.0-inch	\$179.83	\$432.00	\$490.00	\$562.00	\$662.00	\$720.00
12.0-inch	na	\$567.00	\$643.00	\$738.00	\$869.00	\$945.00
Private Fire Protection Service Charges, \$/month						
Fire Hydrants	\$23.94	\$28.90	\$32.70	\$37.50	\$44.10	\$47.80
Fire Service Connections						
1.0-inch	\$23.94	\$10.00	\$11.30	\$12.90	\$15.20	\$16.50
1.5-inch	\$23.94	\$10.00	\$11.30	\$12.90	\$15.20	\$16.50
2.0-inch	\$23.94	\$10.00	\$11.30	\$12.90	\$15.20	\$16.50
2.5-inch	\$23.94	\$10.00	\$11.30	\$12.90	\$15.20	\$16.50
4.0-inch	\$23.94	\$10.00	\$11.30	\$12.90	\$15.20	\$16.50
6.0-inch	\$35.94	\$28.90	\$32.70	\$37.50	\$44.10	\$47.80
8.0-inch	\$47.92	\$62.00	\$70.00	\$80.00	\$94.00	\$102.00
10.0-inch	\$59.90	\$111.00	\$126.00	\$144.00	\$169.00	\$184.00
12.0-inch	\$71.88	\$179.00	\$203.00	\$232.00	\$273.00	\$296.00

Reason for Proposed Changes

The City of Fresno's groundwater supply has been identified by the State of California as a high-priority basin for corrective action to address significant groundwater overdraft conditions and groundwater contamination conditions.

The City of Fresno has relied on groundwater as its primary water supply source for more than 100 years. The City of Fresno is located within Kings Subbasin of the Tulare Lake Hydrologic Region (Region), and the United State Geological Survey (USGS) reports that groundwater extractions in the region currently exceed the region's groundwater recharge by approximately 1.5 million acre-feet per year. For reference purposes, Pine Flat Dam holds approximately 1 million acre feet of water; therefore annual groundwater losses in the region are equivalent to 1.5 Pine Flat Dams each year. This overdrafting condition (i.e. extractions exceeding recharge) has contributed significantly to declines in the groundwater level both in the region and in the City of Fresno. Within the City of Fresno, groundwater levels have declined more than 100 feet in the last 80 years. On September 14, 2014, the Governor of California signed into law three bills that are collectively referred to as the Sustainable Groundwater Management Act (the Act). The Act recognizes that excessive groundwater extraction can cause overdraft, failed wells, deteriorated water quality, environmental damage, and irreversible land subsidence – all of which require corrective action.

Another issue facing the City is groundwater contamination. In 1999, 1,2,3-trichloropropane (TCP) was added to the list of chemicals known to the State of California to cause cancer. The State is currently developing a maximum contaminant level (MCL) for TCP, which is expected to be released for public comment in late 2014 or early 2015. Based on water quality sampling conducted from 2011 through 2014, the presence of TCP has been identified in 80 of the City of Fresno's groundwater wells at, and above, the public health goal of 0.0007 parts per billion (ppb). The total production of these 80 wells is approximately 138 million gallons per day (MGD). If the MCL is set at 0.005 ppb, the notification level, the City could lose use of 47 well with a production capacity of approximately 76 MGD of production capacity – about 30 percent of the City's total groundwater production capacity.

In response to the City's current groundwater overdraft and contamination conditions, the Water Division has developed a capital investment plan that implements a corrective action plan developed by the City approximately 25 years ago to address declining groundwater levels and contamination. That plan was designed to use the City's surface water entitlements at Pine Flat Dam and Friant Dam, which total 180,000 acre-feet per year during a normal precipitation year, to allow the City's groundwater supply to rest, recharge, and be restored. The current water demands in the City of Fresno total approximately 140,000 acre-feet per year, therefore, the City's existing entitlements are greater than the City's current demands. The 25-year old plan included raw water pipelines to deliver mountain water to the City; treatment facilities to prepare the water for use in the community; and finished water distribution facilities to

The capital investment plan includes the following categories of projects:

- **Intentional Groundwater Recharge Facilities = \$6.4 million**
- **Raw Water Supply Facilities = \$98.4 million**
- **Surface Water Treatment Facilities = \$186.4 million**
- **Finished Water Distribution Facilities = \$55.4 million**
- **Pipeline and Well Rehabilitation and Replacement = \$82.5 million**

deliver the mountain water to the front steps of the community's homes, businesses, churches, schools, parks, and restaurants. The proposed rate plan includes approximately \$1.1 million over the five-year period for continued water conservation programs, and the proposed capital investment plan totals \$429 million over same five-year period.

Basis for Calculating Proposed Changes

The Department of Public Utilities retained an independent rate consultant to design a five-year schedule of rates, fees, and charges to recover the Water Division's five-year forecast of capital, operations and maintenance expenditures. In developing the five-year schedule of rates, fees, and charges, the City must comply with the California Constitution by establishing rates, fees, and charges that recover the actual costs associated with the level, quality, and quantity of service delivered to individual users of the system.

The Water Division proposes to use consumption-based user charges to recover the Water Division's forecast of capital, operations and maintenance expenditures. Consumption-based user charges are consistent with cost-of-service principles required by Article XIID of the California Constitution, whereby the City can demonstrate that the amount of the fees charged for water service do not exceed the actual and proportional cost of the service attributable to the delivery of water. The findings and recommendations of the independent rate consultant are available for review by the public at www.rechargefresno.org.

If you need more information about the proposed changes to the schedule of rates, fees, and charges for public water service you can visit www.rechargefresno.org or call 844-373-7664.

City of



Department of Public Utilities
2600 Fresno Street
Fresno, CA 93721